

# Guidelines for organizing the business project contest “Create for Region”

Based on experience from carrying out project in  
Latvia, Lithuania and Estonia  
2014-2016

Project coordinator

3ZD

Partner Organizations



**Inovacijų biuras**

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## Project description

“Create for Region” is a students’ business project contest in which students’ teams are realizing their business ideas in counties where they have chosen to work. The goal of each team is to create as much economic value as possible for their county - new jobs, higher investments, new income sources for locals, new tax revenues for municipalities etc.

This contest is different from all other business competitions, because it values the economic results instead of the actual business ideas or plans. Thus, it helps youngsters to develop ability to take risks and responsibility; it motivates orientation towards results and willingness to create businesses that not only bring value and prosperity to themselves, but also for people around. In order to do all that, students can create their own companies or simply assist to local companies or organizations.

With the financial support of “Erasmus+: Youth in Action” program, the project was run in three countries - Latvia, Lithuania and Estonia from September 1, 2014 till August 31, 2016. One of the main tasks of the project was to test different approaches in different countries in order to get as much data as possible and to come up with the most effective framework for organizing such a project in any other country. Due to different reasons the contest fully was run only in Latvia. There were two stages carried out in Estonia: the preparation and selection of the teams (Sep 2014 - May 2015). In Lithuania, preparation, teams selection and ideas’ development stages happened in full scale, but the execution of ideas - only partially.

In the course of this pilot project teams created 16 new companies and organizations, 7 new job places and attracted around 200 000 EUR in financing for their business projects. Economic results were heavily affected by the fact that almost all business support programs for young entrepreneurs were paused in Baltics during project period because of the transition phase from EU structural funds “2007-2013” to “2014-2020”.

## Goal of the project

- (1) To create an opportunity for students to use their talents, knowledge and skills in order to bring real, positive economic value to the economically most challenged regions;
- (2) To raise the reputation of universities by offering students some real life challenges to practice the theoretical knowledge;
- (3) To raise awareness in youngsters about business as a tool to bring prosperity to society and not only to themselves.

*In year 2015 the contest received an award for outstanding contribution to the future of Latvia, which was presented by a local NGO alliance. Also it has received endorsement from Commission for Sustainable Development in Latvian Parliament.*

## Participants

Any student from any university can participate in the contest. Students should be still studying at the moment of application. In each team there should be at least 3 students and one lecturer/tutor. At least 75% of members of each team should be from the same university in order to establish a link with university and receive its backing.

*Such approach to the team selection process was carried out in all 3 countries and it worked fine. It needs to be pointed out that some teams consisted of 3 students, but some other of more than 10 students. We suggest not limiting maximum number of team members. It is also important to allow replacing any team member in the course of the contest, because contest lasts a long time and some members could face new circumstances that would restrict their participation at some moment in the future.*

**The word "counties"** in this contest is used with the meaning of smaller areas in the country. Teams are creating economic values within the counties - so, the defined territories help to build competition as well as give opportunity for teams to receive significant support from respective municipalities.

## Duration

Optimal option: Contest lasts 18 to 20 months. It includes:

- Preparation stage for 2 months. During this stage visual identity of the contest and rules are developed as well as main partners are attracted.
- Application stage for 2 months. During this stage most of the teams are attracted to participate in the contest. The contest remains open for new teams to enter after the application period, if those teams have strong motivation and specific ideas.
- Idea developing stage. Duration 4 to 6 months. This is the most important stage, because the organizer can really influence the total outcome of the contest. Experience from Latvia and Lithuania shows that only after this stage it makes sense to attract counties and create contractual relationships among all sides.
- Idea realization stage. Duration 1 year.

*Contest in Latvia was running for 2 years and only one team managed to start and end the contest with the same team members. By observing teams, we were able to notice that each team needs a couple months in order to figure out the business idea and to be ready to implement it. After that they need around one year to reach some tangible results. If the contest lasts longer, teams lose focus and attachment to the contest itself.*

*It is crucial to allow teams to work on new ideas during developing and/or realization stage, because often one idea leads to another idea. In Latvia a couple of teams worked simultaneously on a few ideas. It is also important to stress that only the ideas/projects that brought real economic value to the county should be taken into consideration when evaluating results.*

## Budget

The minimum required budget for such project is around 80 000 - 100 000 EUR. Budget could increase if the number of teams exceeds 30. It could increase also if it is run in the countries with much higher salaries than in Latvia, because ~50% of the budget is spent on salaries for project manager and PR specialist. If project is run by an NGO that can co-finance staff and administration tasks, the overall budget may decrease significantly. Second most costly position is the organization of opening and closing events, as well as the semi-finals that happen after the idea development stage.

Sources of finance:

- Public sector: government support programs for business, EU funding
- Private sector: sponsoring from companies
- Counties: Participation fee and /or sponsoring
- Universities: Sponsoring or/and participation fee. *Participation fee was never asked in any country, but it could be an option.*

There are couple of aspects that make project attractive for sponsoring and could attract private financing:

- Wide publicity
- An opportunity to work together with some of the most talented and entrepreneurial youngsters and an opportunity to hire them during or after the project
- An opportunity to provide services or products to teams
- An opportunity to establish long-term positive relationship with future entrepreneurs
- A possibility to build reputation in certain counties

*Current experience shows, that despite of those positive aspects, it is difficult to attract sponsorships when project doesn't have any history in the country. In Latvia in sponsorships we attracted around 5% of total budget, but in Estonia and Lithuania there were no successful sponsorship cases. It could be caused by the fact that having personal relationship plays a huge role in order to create sponsorship deals. And sometimes you just have to be at the right time at the right place with the right offer. Most probably, once the contest will become traditional, it will become easier to attract private financing and eventually it can be fully financed by sponsorship deals.*

### Participation fees for counties

*Most important, but not the biggest financing source is participation fees from counties. In each country we tested different approach and none of them worked out really well, so the best option is somewhere in between.*

*In Latvia, counties were paying relatively high participation fee: 2000 EUR. On the plus side - counties were very interested in participation and supporting teams. On the minus side it, first, drastically reduced the amount of counties that participated in the contest. Out of 107 counties only 19 participated, thus many youngsters could not participate because their relevant county chose not to take part. Second, the high participation fee created huge pressure on teams and project organizers to get results in each county, when, in reality, all ideas never work out.*

*In Estonia we didn't ask any participation fee at all. That allowed attracting students to any county in Estonia, but the drawback was that project didn't receive any financial support from counties and they also didn't express much interest and motivation to put effort in cooperation with the contest and teams.*

*In Lithuania we tried an approach, where counties initially agree or disagree to participate, but they pay a 500 EUR fee only after teams have reached certain results. It increased the number of counties that were open for teams to apply (percentage-wise), but at the same time created risks and added pressure on the budget of the project. Counties also were much more critical towards the student business ideas when teams presented them; after receiving this criticism many teams dropped out of the contest.*

Based on all that, we believe that the most appropriate approach would be to request symbolic participation fee from the counties - 500 EUR per each team that works in the county. The amount of teams would not be limited per county. This small participation fee should be requested only after teams have finished the idea development stage and have presented them to counties. The reason for participation fee is the need to partially cover costs of publicity and mentoring of teams. It is also important to ask for at least a small participation fee because it would filter the counties that are interested in cooperation. It would also ensure sustainability of the project if contractual relationships among participants were created.

## Selection of teams

Our experience strongly suggests that organizers should approve each team that has applied without judging their education field or quality of initial ideas that they had to write in the application form. Also, organizers should allow any number of teams per county to participate.

Optimum number of teams is 30 - 50, because at least half of them will drop out in the course of the project without reaching results. At least 15 teams are needed in order to secure economic results and also to secure constant and diversified publicity.

*Experience from Latvian project shows that authors of most of the executed business projects were students who had not studied business or economics and most of their initial ideas were weak from business perspective. It proves that ideas and teams shouldn't be judged in the beginning.*

*Experience from Latvia and Lithuania also proves that during preparation stage it is very important and beneficial to establish cooperation with at least a couple of universities. We suggest finding at least 2-3 universities with a management that would support the idea and goals of the project and would motivate students to participate, thus giving more legitimacy and credibility to the project.*

## Prize fund

Contest should have a prize fund, but it should be symbolic. We suggest to limit it to 10 000 EUR in total and not more than 3000 EUR per team. Instead of a big prize fund, contest should provide other benefits to participants: publicity, consultations, mentoring, additional trust from potential investors or business partners, opportunity to showcase talents etc. Those are benefits that often are far more significant than cash.

In addition to prize fund we suggest to award grants to teams after they have met certain milestones and reached economic results in the contest. That would be the responsibility of each county. The county would reach an agreement with its team about the reachable goals, milestones and the amount of grant. That would be mutually beneficial and would eliminate risks. Size of potential grant could be starting at 2000 EUR.

*Youngsters don't really understand the value of money and thus bigger sums create completely different emotions and motivation. Due to that, some teams are focused on the prize fund as a main goal and reason for participation instead of reaching economic value and creating actual positive changes. In Latvia we awarded total of 10 000 EUR prize fund just after the idea development stage and only one team, that got part of the prize fund, finished the project. Bigger prize money also creates more friction between organizers and teams, because awarding prizes is a subjective process in the end, anyway.*

*At the same time material benefit is also very important, because as soon as teams are losing opportunity to get some money, their level of motivation and effort are dropping down. That is why county grants could play such an important role. Grants were awarded to teams in Latvia and this approach worked really well.*

## Project management and mentoring

Project management is important at any stage of the contest, but especially during idea development stage. It is necessary to provide teams with maximum information about different business support programs and opportunities. Project manager needs to be in constant communication with teams to motivate them to realize their ideas.

The format of the contest, its goals and target groups give opportunity to attract mentors and experts from different fields who are willing to assist teams with their business ideas and actual projects. If there is a smaller amount of participating teams, it makes sense to provide individual consultations to each team separately. But if number of teams exceeds 10, we recommend running seminars. Recommended amount would be at least 1 seminar per 2 months. It would give an opportunity to provide teams with new information and also would help sustain linkage between organizers and teams. At the same time by not running seminars too often, organizers would not burden students with additional activities in addition to all those that they already have in everyday life: studies, work, different interests and hobbies.

Seminar attendance and consultation requests will reveal the level of motivation of each team and will help to identify and solve some problems in an early stage. To make seminars as relevant as possible for participants, it is important to consult with teams about the contents of seminar agendas.

## Public relations

The outcome of the contest largely depends on successful public relations, which showcase teams and puts additional responsibility and motivation on them. In the best-case scenario, contest is a battle between teams and universities for their reputation and opportunity to show their superiority comparing to others. But that is possible only if there is widespread communication campaign to show it to society. With the help of public relations it is not only

possible not only to assist teams in reaching their economic goals, but also to attract new members and new ideas for the teams, which would also assist in reaching their goals.

*In Latvia we attracted biggest online news portal Delfi.lv as a communication partner and that instantly gave more motivation and opportunities for the teams. Delfi.lv put all the articles about competition among daily TOP news and also provided teams with their corporate prize - advertisement opportunities in the portal. Our experience in all countries suggests that main publicity channels for this contest are online platforms and social networks. Both in Latvia and Lithuania we worked with TV and radio, but the added value was relatively small. Traditional media channels can be used if they agree to publish information and promote the project with no or very limited marketing budget.*

*Having support from a management level representative of a media partner is crucial for the effectiveness of the partnership. When otherwise, we experienced that several media companies agreed to provide informative support for the project, but their effort and outcome was minimal if any at all. A lazy (or unsuccessful) communication partner can do a lot of harm to the publicity of the project because competitive media companies would not inform about a project that is being promoted by their rival. We learned such a lesson when we agreed to a partnership with a Latvian TV and a Lithuanian online news portal Lrytas.lt.*

## Evaluation of results

Even though the contest is just a tool for reaching higher goals, organizers still need to evaluate teams and announce winners. In order to find out the best teams it is important to take into consideration following criteria:

- 1) Economic value created by team in the county, for local inhabitants and local companies.
- 2) Relative economic value in different counties. For example, one new job is much more significant and harder to create in a smaller, remote county with worse economic conditions than in a central, bigger and richer county.
- 3) Business project execution process. How big was the team, how easy or hard it was to attract finances and realize business in that specific county.
- 4) Innovative aspects of the business project.
- 5) Sustainability and long-term perspectives of the executed business project. Its influence on the overall economy of the country.

During the course of the whole project it is important to regularly stress that the main award for any team is a successfully executed business project or a company that has been founded. The results of that will be felt long after the contest ends. Teams must understand that the contest itself is not a goal. It is simply a tool that could help them reach their own personal goals more efficiently, faster and easier.



## Additional Information

[www.radamnovadam.lv](http://www.radamnovadam.lv)

[www.facebook.com/radamnovadam](https://www.facebook.com/radamnovadam)

<http://www.delfi.lv/temas/radam-novadam/>

[www.facebook.com/EestiLMH/](https://www.facebook.com/EestiLMH/)

[www.bukverslus.lt](http://www.bukverslus.lt)

[www.facebook.com/bukverslus](https://www.facebook.com/bukverslus)

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